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# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

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11 May 1984

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USSR-CEMA TRADE

COMMUNIQUE ON 66TH CEMA FOREIGN TRADE COMMISSION MEETING

Moscow FOREIGN TRADE in English No 3, Mar 84 p 2

[Text]

The CMEA Standing Commission on Foreign Trade held its 66th meeting in Moscow from November 29 to December 1, 1983.

The meeting was attended by the CMEA member-countries' delegations whose leaders were: Kh. Khristov, Minister of Foreign Trade of the People's Republic of Bulgaria; R. Cabrisas, Minister of Foreign Trade of the Republic of Cuba; B. Urban, Minister of Foreign Trade of the Czechoslovak Socialist Republic; H. Sölle, Minister of Foreign Trade of the German Democratic Republic; P. Veress, Minister of Foreign Trade of the Hungarian People's Republic; Jö. Ochir, Minister of Foreign Trade of the Mongolian People's Republic; T. Nestorowicz, Minister of Foreign Trade of the Polish People's Republic; V. Pungan, Minister of Foreign Trade and International Economic Cooperation of the Socialist Republic of Romania; N. Patolichev, Minister of Foreign Trade of the Union of Soviet Socialist Republics; and Hoang Trong Dai, Deputy Minister of Foreign Trade of the Socialist Republic of Vietnam.

In accordance with the Agreement between the Council for Mutual Economic Assistance and the Government of the Socialist Federal Republic of Yugoslavia, a SFRY delegation, led by K. Aliagic, First Deputy Federal Secretary for Foreign Trade, took part in the meeting.

Representatives of the International Bank for Economic Cooperation and International Investment Bank were also present.

N. Patolichev, USSR Minister of Foreign Trade, chaired the meeting.

The Commission discussed the tasks to be accomplished following the decisions taken by the 37th

CMEA meeting and the CMEA Executive Committee regarding foreign trade, and approved measures aimed at their realization.

The meeting underlined the fact that the results of the 37th CMEA Session held in Berlin, were a new important step furthering the socialist community countries' cooperation. The Session confirmed the fraternal countries' unswerving course to promote cooperation and develop socialist economic integration. The decisions adopted by the Session will advance intensification of production, accelerate scientific and technological progress, assist the planwise development of the CMEA member-countries' mutual trade and make an ever-increasing contribution to the stable development of their economies.

The Commission approved its work-plan for 1984 and 1985, containing ways and means of completing the tasks set by the Session and the CMEA Executive Committee. Much space was devoted in the plan to promoting the CMEA member-countries' trade on the basis of long-term agreements and coordinating additional shipments of goods as well as to fulfilling commitments arising out of the agreements included in the CMEA member-countries' Coordinated Plan of Multilateral Integration Measures for 1981-1985. The plan contains definite complex undertakings as regards foreign trade which will improve foodstuff supplies to the CMEA countries' populations.

Other measures of mutual interest for the CMEA members and Yugoslavia are defined in the plan.

The Commission considered questions connected with negotiations and the signing of protocols on mutual shipments of goods for 1984 by the CMEA member-countries among themselves and between them and Yugoslavia. The session also studied the progress made in concluding contracts due to be completed this year. The Commission pointed out that in the course of the talks the countries' foreign trade organizations were examining the possibilities of expanding trade on a mutually advantageous basis above the volumes envisaged in the long-term trade agreements for 1984.

The meeting also discussed matters connected with the coordination of the CMEA member-countries' economic plans and the forthcoming signing of long-term trade agreements for the next five-year plan period.

The Commission also considered other pertinent points concerning cooperation among the CMEA member-countries in the sphere of foreign trade.

The decisions adopted by the Commission have the aim of furthering the CMEA member-countries' cooperation in foreign trade and protecting the socialist community interests in a period when the imperialist circles are pursuing a course that is aggravating the international situation and undermining international political and economic relations.

The Commission stressed the fact that the CMEA countries keep to a policy that is aimed at developing trade and economic relations with all states ready and willing to cooperate on an equal, mutually advantageous basis without bias against the level of their economic development or social and economic systems.

The Commission's meeting was held in an atmosphere of comradely cooperation and mutual understanding.

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USSR-CEMA TRADE

1984 TRADE PROTOCOLS WITH CEMA MEMBERS, LAOS

USSR - Czechoslovakia

Moscow FOREIGN TRADE in English No 3, Mar 84 p 7

[Unattributed article: "Trade Protocols for 1984 Signed"]

[Text]

The Soviet Union and Czechoslovakia signed a protocol on trade turnover for 1984.

The Protocol is based on the sides' mutual commitments following from the Agreement on Trade Turnover and Payments between the USSR and Czechoslovakia for 1981-1985 and other economic agreements defining an annual stable growth of their commodity mutual shipments.

The trade volume envisaged for 1984 is to exceed 12,000 million rubles, approximately 12 per cent higher than the 1983 figure.

Czechoslovakia, as usual, firmly holds a leading place in the Soviet Union's foreign trade, with the USSR remaining the Czechoslovak Socialist Republic's main trading partner.

In 1984 the Soviet Union is to supply Czechoslovakia, through the production specialization, with metal-removal machine tools, electrical and mining equipment, road-building machines, oil-drilling rigs, hoisting gear, other machines and equipment.

Principal types of fuel and raw materials will be delivered in line with the country's planned economic development.

Oil and gas shipments will be enough to meet Czechoslovakia's requirements. The Soviet Union will also export to that country considerable quantities of coal, ferrous and non-ferrous metals, ferri-ferous raw materials, timber, cotton and other commodities.

Cooperation will be furthered in transporting Soviet natural gas via Czechoslovak territory to the West European countries.



The Soviet Union is continuing its help to Czechoslovakia in building atomic power stations, the Prague Underground and a few other projects of great importance for the country's national economy.

Mainly, as in previous years, Czechoslovakia will export to the USSR various machines and equipment, including machinery in accord with the USSR Food Programme. Specifically, equipment will be supplied for carbamide-making factories to be shortly commissioned in Fergana, Severodonetsk and Odessa (annual productivity 330,000 tons of carbamide each), and for five grain elevators (capacity 50,000 tons each).

Equipment is also envisaged for reconstructing and modernizing USSR light and food industry enterprises, it includes equipment for the Yerevan tannery, Voroshilovgrad footwear production association, Zhodino knitted cloth factory, for dry-milk-producing factories in the towns of Novogradok, Kletsk, Kovel, Pyarnu, Polotsk; and for breweries in Novokuznetsk, Magnitogorsk, Tbilisi, Saratov, etc.

The Protocol provides for a considerable increase in deliveries of consumer goods. Czechoslovakia will supply footwear, garments and knitwear, leather haberdashery, fabrics, furniture and other goods. The USSR will export TV and radio sets, sewing machines, clocks and watches, still cameras, electric shavers, electric coffee mills, etc.

The envisaged mutual goods exchanges in the Protocol will promote the development of both countries' economies, raise production efficiency and fuller satisfy both countries' demands for consumer goods.

Soviet-Czechoslovak wide programme of mutual commodity shipments for 1984 clearly indicates that economic cooperation is progressing confidently, in closer fraternity and strengthening of the socialist countries' economic might despite the present complicated international situation.

N.S. Patolichev, USSR Minister of Foreign Trade, and B. Urban, Minister of Foreign Trade of Czechoslovakia, signed the Protocol.

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USSR - Hungary

Moscow FOREIGN TRADE in English No 3, Mar 84 pp 7-8

[Text]

The Protocol on Trade Turnover for 1984 between the USSR and Hungary takes into account mutual

commitments following from the Long-term Trade Agreement for the 1981-1985 period, other economic agreements, and consolidates the positive results of mutually beneficial economic cooperation achieved while implementing the Comprehensive Programme of the CMEA member-countries' socialist economic integration.

In 1984 Soviet-Hungarian trade will exceed 8,600 million rubles, more than in the previous year.

On the basis of expanded specialization and cooperation in production the Protocol provides for greater reciprocal deliveries of engineering products. Cooperation will continue in the manufacture of equipment for the light, food and chemical industries, communications, computers, farm machinery. Under the agreements in operation in the field of the motor industry the Soviet Union will supply the Hungarian market with large quantities of passenger cars and lorries in exchange for buses, their parts and units and also some other types of components. Hungarian enterprises will take part in reconstructing some Soviet economic projects such as the Likino bus factory and a number of enterprises in the light and food industries.

As before the Soviet Union will play a decisive role in meeting Hungary's requirements for the main types of fuel, raw materials, needed to continue the Republic's planned economic development. The Soviet Union will keep on supplying oil, gas, coal, coke, iron ore, ferrous and non-ferrous metals, timber, cotton and other commodities to Hungary.

The Protocol envisages greater cooperation with Hungary in developing the Soviet agro-industrial complex. Deliveries of equipment from Hungary are planned for poultry and cattle farms. Hungary will supply the Soviet Union with highly efficient pesticides and the Soviet Union is to sell Hungary fertilizers and chemicals. Hungary's export of foodstuffs: fresh fruit, canned vegetables, poultry among other products to the Soviet Union will have a large role.

Consumer goods mutual exchanges continue. The Soviet Union will import from Hungary garments and knitwear, footwear, fabrics, leather haberdashery, furniture, toys, medicines. The USSR will export to Hungary TV sets, refrigerators, vacuum cleaners, sewing and washing machines, clocks and watches, still cameras and other goods.

N.S. Patolichev, USSR Minister of Foreign Trade, and P. Veress, Hungarian Foreign Trade Minister, signed the Protocol.

## USSR - Mongolia

Moscow FOREIGN TRADE in English No 3, Mar 84 p 8

[Text]

A Protocol on Trade and Payments between the USSR and Mongolian People's Republic for 1984 provides for further increasing mutual goods deliveries. The USSR is to ship various machinery and equipment, transport facilities, oil products, metals, fertilizers, chemical products and other materials required for the country's industry and also consumer goods.

In its turn Mongolia is to undertake shipments of mining industry products, fluorite, cattle and meat to the USSR as well as woollen articles, carpets, natural leather products and other goods.

Worthy of mention is that Soviet-Mongolian trade relations are conducted on the basis of long-term agreements and annual protocols which verify and supplement the list of mutually delivered goods.

An Agreement on Trade Turnover and Payments for the 1981-1985 period between the Soviet Union and Mongolia signed October 22, 1980, is assuring a considerable increase in the deliveries of mutual goods. Trade in the current five-year period will be 60 per cent more than in the 1976-1980 period. While in 1972 the Soviet-Mongolian trade turnover amounted to 287.2 million rubles, the corresponding figure for 1982 jumped to 1,232.7 million rubles, i.e. a 4.3-fold increase. Export of machinery, equipment and transport facilities from the USSR to MPR in 1982 attained 600.5 million rubles as against 116 million rubles in 1972.

The Mongolian goods export structure changed considerably over the last decade. After commissioning the Erdenet copper-and-molibdenum mining and ore-dressing complex and a number of other enterprises built with USSR technical assistance, the share of mining and light industry products in Mongolian exports to the Soviet Union greatly increased.

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## USSR-Vietnam

Moscow FOREIGN TRADE in English No 3, Mar 84 pp 8-9

[Text]

A Protocol on Trade and Payments between the USSR and Socialist Republic of Vietnam for 1984 was signed in Moscow last December. Provisions of the Long-term Programme for the Development of Economic, Scientific and Technical Cooperation between

the two countries and commitments of the Sides stemming from the Agreement on Trade and Payments between the USSR and SRV for 1981-1985 were taken into consideration when determining the major exchanges of Soviet-Vietnamese trade in 1984.

The document signed provides for a ten per cent increase in the volume of mutual goods deliveries in 1984 over the 1983 figure.

The Soviet Union will continue to deliver items, vital for the Vietnamese economy, such as oil products, nitrogen fertilizers, rolled ferrous metals, non-ferrous metals, cars and trucks, road building machinery, machines and equipment for particular branches of the Republic's economy.

Agreed were the volumes and nomenclature of Soviet goods deliveries in 1984 for enterprises being jointly built in Vietnam by the two countries: the Hao Binh hydroelectric station, Pha Lai thermal power station, Bim Son cement factory. These agreed terms will speed up the construction of the mentioned enterprises and improve the supplying of fuel and auxiliary materials to them.

As before natural rubber, parquet frieze, tea, coffee, vegetables, fruit, consumer goods will be the Vietnamese major export products. The contribution of manufactured products from Vietnamese enterprises built with Soviet assistance will increase.

Mutually advantageous cooperation on Vietnam processing Soviet raw material is also an important step forward promoting bilateral trade. The Soviet Union will send Vietnam considerable amounts of cotton and wool for producing yarn, clothing, towels, knitted goods, carpets in that country to be shipped to the USSR.

From 1984 and onward a new aspect will be introduced in Soviet-Vietnamese cooperation. The Soviet Union will deliver certain raw materials, other materials and equipment for Vietnamese local industries; the foreign trade companies there will arrange to ship the finished products to the USSR.

In addition, the countries agreed to cooperate in producing fruit and vegetables in Vietnam in order to increase these exports to the USSR. In the near future the USSR will send to Vietnam certain types of auxiliary and packing materials, food-canning industry equipment, fertilizers and pesticides which are to be used for expanding crop areas, increasing productivity and raising capacities for processing agricultural produce.

All the above will increase the amounts and range of fruit and vegetable products to be exported from Vietnam to the Soviet Far East and Siberia. An understanding of the Sides on this issue was sealed by the corresponding agreement signed in Moscow on December 6, 1983, by N.G. Osipov, USSR Foreign Trade Deputy Minister, and Hoang Trong Dai, his Vietnamese counterpart.

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USSR - Laos

Moscow FOREIGN TRADE in English No 3, Mar 84 p 9

[Text]

A Protocol on Trade and Payments for 1984 was signed between the USSR and the Lao People's Democratic Republic December 20, 1983, in Moscow.

The Sides' joint efforts directed at raising the effectiveness of the Soviet-Lao trade and economic cooperation were reflected in this document. Such important goods for the Laotian economy as road-building, lifting and conveying machines, trucks, special vehicles and passenger cars, oil products, rolled ferrous metals, consumer goods will be shipped from the Soviet Union. Part of the Soviet goods is for specific utilization at the first priority projects of Soviet-Laotian economic cooperation: construction of highway No. 9, for the state transport organization, lumbering enterprise in the province of Khammouane and some others. Thus the sequence of Soviet deliveries will quicken the commissioning of these projects.

Lao traditional export product deliveries to the USSR, such as: products of wood and woodworking industries, ores, coffee and some others will increase.

I.T. Grishin, Foreign Trade Deputy Minister, for the Soviet Side, and Khamta Douangthongla, the LPDR Ambassador Extraordinary and Plenipotentiary in the USSR, for the Laotian Side, signed the documents.

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## USSR-CEMA TRADE

### CEMA ACHIEVEMENTS, AGREEMENTS ON ROBOT CONSTRUCTION DETAILED

Moscow EKONOMICHESKAYA GAZETA in Russian No 12, Mar 84 p 20

[Article by (Mikhal) Pullmann, adviser in the Scientific and Technical Collaboration Division of the CEMA Secretariat: "Interaction in Robot Construction"]

[Excerpts] Collaboration in the field of robotics is intersectorial and complex in nature. It has been carried out for several years now. Bilateral contacts of Bulgaria, Hungary, the GDR, USSR, CSSR and other CEMA member countries were established in the field mentioned in the mid-1970's. Close business contacts have been organized between appropriate scientific research and production organizations, the sides have become familiar with the national programs for developing robotics of their partners in collaboration, and they have coordinated their efforts principally in scientific and technical development in a given field.

The rates of development of robotics in CEMA member countries is illustrated, as an example, by the following figures. While 250 units of industrial robots were in use under production conditions in the USSR in 1975, the number of robots in the USSR in 1980 reached nearly 6,600 units. About 230 industrial robots were used in production in Bulgaria in 1980, and approximately 300 units each were being used in the GDR, Poland and the CSSR. The number of robots in CEMA countries is continuously increasing. It is expected that 200,000 industrial robots will be put in use in CEMA member countries by 1990, as noted at the 36th meeting of the Council session. This will become possible through international division of labor and organization within the CEMA framework of specialized and cooperative production of robotic equipment.

At present, most of the robots are earmarked for general machine building procedures--primarily cold stamping, machining, assembly and welding. The rest of them are used in painting operations, galvanizing, conveying, casting, and in other areas.

Collaboration between Soviet and Bulgarian specialists, for example, became fruitful in creating a new type of welding robot. This type of welding robot is now undergoing tests in the USSR and Bulgaria. It will be widely used primarily in tractor and agricultural and transport machine building. Collaboration between the Voronezh Experimental Scientific Institute of Forging and

Pressing Machine Building (ENIKMASH) and the Czechoslovak scientific production association VUKOV in the city of Presov in making test models of a multipurpose modular robot, as well as in developing and putting into production the UM-160 industrial robots, is highly effective.

Collaboration among CEMA member countries is being developed not only in developing industrial robots, but in creating robotized industrial systems (a robot is a combination of industrial equipment) based on them. Experience in introducing these means of mechanization and automation demonstrates how economically advantageous and efficient the industrial robots are which operate the forging presses or metal-cutting machine tools, for example. But this also provides a significant social gain in addition to an economic one: a large number of workers are being released from difficult, monotonous labor.

A new stage in collaboration among CEMA member countries in the robotics field was begun in recent years. It is characterized by broader development of multilateral ties among the fraternal countries. In 1980, an agreement for multilateral scientific and technical collaboration to create modern industrial robots for different sectors of the national economy was signed. On the basis of this agreement, joint operations are being conducted to develop and accelerate the introduction into production of industrial robots. It may be said that interaction in the creation of robotized industrial systems has already helped our countries to acquire about 150 different types of industrial robots in their grouping with different types of industrial equipment.

An agreement also has been signed for multilateral international specialization and subcontracting of production, on the basis of which division of labor has been achieved among the CEMA countries for the production of 58 standard sizes [tiporazmery] of industrial robots. It is being planned to produce about 75 percent of the products list of robots in this agreement in one to three countries which meet the requirements of the other countries in the agreement. Reciprocal deliveries in the 1981-1985 period will be about 1,500 units of robots. Export of this equipment is being envisaged mainly from Bulgaria, Poland and Czechoslovakia to the USSR.

The fraternal socialist countries have chosen the construction of modular robots as the basic direction in robot construction. Such an approach makes it possible to select a robot for any kind of production from a small number of standard modules and assemblies, as from a child's construction set, and not develop and produce a new one each time.

The General Agreement on Industrial Robots is being implemented successfully at present. Work was completed at the end of 1982 on implementation of the first, very important phase in developing collaboration among the CEMA member countries under this agreement. Work was carried out within the framework of the CEMA Committee on Scientific and Technical Collaboration (KNTS), 12 sectorial permanent commissions of CEMA, and the international economic organization Interelektro. Efforts have been directed at defining the technical requirements and clarifying the demands for multipurpose industrial robots. On the

basis of results obtained, consolidated technical requirements for industrial robots, their standardized assemblies and components, as well as a coordinated priority products list of industrial robots and their standardized assemblies and components, have been worked out. In addition, an analysis has been conducted in the stage cited within the KNTS framework of the designs of industrial robots being used in different sectors of the national economy of our countries and in the world practice of robot construction, and a concept for technical development of robotics has been coordinated with an organization of interaction among CEMA member countries in this field.

Within the framework of the CEMA Permanent Commission for Collaboration in Machine Building, proposals were developed in 1983 based on KNTS materials on a supplement to agreements on multilateral scientific and technical collaboration in the field of creating industrial robots and systems for their programmed control. The CEMA institute for Standardization has drafted a "Program of Comprehensive Standardization of Resources for Industrial Robotics for 1983-1990."

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## USSR-CEMA TRADE

### PRIORITIZING ROLE OF PRICING EXAMINED IN CEMA INTEGRATION

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 2, Feb 84 (signed to press 24 Jan 84) pp 112-115

[Article by Professor V. Rybalkin, doctor of economic sciences: "Prices and Economics Management"]

[Text] Under conditions of a transition to an intensive path of development, improving management of the economy is a component part of the social and economic strategy of fraternal CEMA member-countries. It affects the entire system of organizational and economic decisions and assumes efficient use of economic instruments including prices.

In the system of managing a socialist economy, a central position is given to the plan as an economic goal of the society for production, expressed in quantity and quality indicators, quotas and limits. Prices are an integral element of planning and its obligatory instrument. A price system helps ensure the conscious formation and maintenance of proportions in economics, commensuration of results and expenditures and determination of the economic impact. Volume-cost planning and reporting indicators and goals at all levels (of the national economy, individual spheres and sectors of production and turnover, and enterprises) are formed using prices.

Within the framework of a plan a price emerges as a standard indicator of costs allowable from the society's positions. This presupposes the determination in cost form (via prices) of the economic results of production and its subsequent commensuration with costs both in the pre-production stage (in the planning process) and in estimating the actual activity overall as well as by its individual spheres and types of production.

The price system plays a major role in resolving one of the key problems of planning management--ensuring inter-correlation of priority objective economic interests of the national economy and the collective interests of individual associations and enterprises.

Prices as an economic instrument and norm are an organic link of a plan's realization, of the self-supporting interest mechanism of associations and enterprises in achieving assigned production and product delivery

indicators, in increasing output, expanding variety and improving quality. On the other hand, they are a subject of planning in determining the changes in cost of production and production cost goals and establishing indicators of price levels and movements.

In the CEMA countries they are based on the need for the best combination in the plan's framework of centralized quantity real-cost indicators and a system of economic controls, norms, instruments and limits. Specific forms of such a combination take into account the attained level of national production and the varying sum total of factors affecting the national economy, including the significance of foreign economic ties for the economy.

As was noted at the June (1983) CPSU Central Committee Plenum, "There are great differences among the individual socialist countries in economics and culture and in the ways and methods of solving problems of socialist development. This is natural, even if it also once seemed to us that it would be more uniform".\*

Questions of using prices as an economic instrument of planning and accepted standard are being resolved differently in the CEMA countries. This means that the role and position of prices in managing the economy varies. In a number of countries the accent has been placed on strengthening and improving centralized planning and on improving the system of plan indicators set for associations, combines and enterprises. At the same time measures are being accomplished for more efficient use of pricing in ensuring self-supporting motivation of enterprises, stimulating acceleration of technical progress and improving production quality, and influence on saving raw materials, fuel, materials and production costs as a whole.

For example, in the GDR and the CSSR, centralized value and real goals for production and product deliveries as well as various norms and limits are established for associations, combines and enterprises. The management function of the plan's execution is realized through a system of organizational, economic and legal measures ensuring the achievement of the economic goals. The indicators specified in the plans of primary production units serve as the basic development program of the national economy, sectors and territorial production complexes. In the structure of the indicators passed on to associations and enterprises, some represent a system of goal-oriented tasks of a quantitative and qualitative nature, some characterize resource support, spending limits and their effectiveness and others reflect organizational aspects of sector activities of associations and enterprises.

Prices are used as a standard in determining the volume quotas in the first group of indicators and also among installations of a limited nature. Furthermore, they are established in a centralized manner for a specific period for the predominant part of production output. The range of production

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\* "Materialy Plenuma Tsentral'nogo Komiteta KPSS 14-15 iyunya 1983 goda" [Materials on the CPSU Central Committee Plenum, 14-15 June 1983], p 21.

and assortment of products produced are formed based on consolidated plan goals which serve as the basis for concluding delivery contracts with consumers. Only for a limited portion of production, determined by special economic decisions, are prices for produced goods determined directly by suppliers and consumers in the form of contract prices.

Under conditions of intensifying national production, increasing significance is being given to using prices as a planned instrument of improving the pattern of production and consumption, accelerating scientific and technical progress, steadily increasing labor productivity and savings of energy, raw material and fuel per unit of output.

A systematic increase of wholesale prices for primary resources is one of the directions in the complex of measures implemented in the CSSR for conserving these resources. To a considerable degree it is caused by the increase in world prices for fuel and energy commodities and takes into account the role of foreign sources in satisfying the demands of the economy. In 1977, wholesale prices for imported raw material and goods were increased by 52 percent within the framework of a complete reorganization of pricing. Further changes in prices for these resources were made in 1981-1982. In addition, wholesale prices changed substantially in sectors of the processing industry, in construction and in transportation. A number of measures in this area were taken in 1983 and outlined for 1984. They include raising wholesale prices for imported oil and gas as well as for domestic energy carriers and an appreciable reduction of prices for products with electronic components. As a result of these measures, in the opinion of CSSR economists, wholesale prices will reflect to a greater degree the nationally necessary expenditures for production and will increase the accuracy of criteria for evaluating the economic activities of enterprises. Opportunities will be created for a comparative economic analysis of reproduction conditions in the country and abroad which will make it possible to assess the efficiency of national labor more accurately. Thus, the role of prices as an economic instrument and planning norm increases, affecting the result-producing nature of national production.

A somewhat different place is relegated to prices in the management mechanism of the economy of the Hungarian People's Republic (HPR). On a macro-level, social and economic planning is accomplished as central programs for the economy as a whole and complexes of industries (for example, a program of petroleum chemistry development, production of medicines and plant protection means, etc.). Achievement of the goal-oriented purposes contained in the programs (increasing production volumes, proportions and rates of development) is ensured with the help of a so-called system of economic regulators including currency-financial and tax levers and prices.

State and economic institutions determine in their decisions the composition of economic regulators and their target functions and amend them taking into account the tasks contained in the central program of social and economic development for the corresponding period and in the subprograms for the sector complexes. Obligatory instructions for economic units in working out and applying prices are approved.

Under such conditions the content of pre-production (planned) activities undergoes considerable changes. The plan of production and product deliveries to the consumers and the economic and financial goals stemming from it are worked out by the enterprise itself. In the initial stage the suppliers and users of production and its range and mix are determined which is recorded in the concluded economic contracts. The plan of economic units made up based on the contract obligations is presented to higher agencies for their information. Furthermore, prices serve as a criterion for forming the range and pattern of production and for selecting consumers and suppliers (including in the foreign market).

Reinforcing the orientation in planning to a system of economic regulation also causes changes in pricing control directly. Taking into account the characteristics of production and its importance for the economy, it envisions the use of various price categories by the order of their establishment and the mode of operation: departmental (stable or maximum), established centrally, and free, determined by the enterprises themselves. A definite restriction of the role of prices as a centralized economic norm stems from such a pricing mechanism. A large part of the prices are established by enterprises based on their own expenditures and taking into account the sales prices in convertible currency markets.

Under the effect of such an economic mechanism, the regulating role of prices is strengthened, including in the sphere of foreign economic ties as well, since the formation of an export products list is influenced by the economic motivation of enterprises in the production of more profitable types of products. This makes accurate and efficient monitoring of the action of the economic regulator system necessary since the interests (activities) of enterprises may not coincide with the interests of the national economy. The validity and effectiveness of decisions related to the transfer of the center of gravity in planning to the system of economic regulators (which presupposes a substantial change in the place and role of prices in managing the economy) require a test of time and a comprehensive analysis.

The methodology of forming internal prices in a number of CEMA member-countries (the HPR, the Polish People's Republic and the People's Republic of Bulgaria) in recent years reflects the orientation toward foreign trade (world) prices, which to some degree can be explained by the importance of the foreign economic factor for the development of these countries' economies where the basic part of needs in raw material, materials and fuel is satisfied through imports and a substantial portion of the output of processing sectors of industry and agriculture is exported. In a number of European countries of CEMA an orientation of internal prices to the level of world prices is underway. Their current movements thus reinforce the flexibility of the entire system of internal prices. The organization of price controls and the scale and forms of centralized determination of them thus undergo serious changes compared to traditional ones proven in practice.

A generalization and a close study and evaluation of the experience gained in fraternal CEMA member-countries is required. Above all, this concerns the use of prices for a systematic affect on speeding up technical progress, renewal of production and improving its quality.

In the GDR the principle of "price-productivity" is used which, in setting prices for new types of production, calls for an obligatory consideration of its technical and economic parameters in comparison with earlier produced and replaced products. Furthermore, a comparison of technical and economic indicators and prices with the best world samples must be made for production products as well as for consumer goods. In both the GDR and CSSR methods of determining internal wholesale price limits for finished industrial-engineering and consumer products taking into account export prices are becoming widespread. A system of wholesale price discounts for obsolescent goods is being used more extensively in the GDR which also makes it possible to influence assortment renewal.

The system of pricing norms (profitability norm, markup or discount on the price, etc.) is playing an important role in stimulating technical progress, regulating the specific amount of price reduction of new technology--lowering its unit price for the consumer or raising the profitability level for export. The cost-value criterion emerges as one of the main criteria in all stages--from development, planning and assimilation to production output. The system of price discounts in the final stage economically affects the reduction of obsolescent product output and then also discontinuance of its production. It is important that the level of prices serves as the basis for deciding on the advisability of developing and organizing production of one or another type of product depending on the conformance to approved norms and limits.

Saving all types of resources is taking on special significance under conditions of intensification of production. In the economy of the USSR its resolution is ensured with the help of developing and approving rates of consumption of specific types of raw material, fuel and materials and also planned goals for reducing their consumption. In the GDR, the Socialist Republic of Romania (RSR) and the CSSR a price system is also used as an incentive for economy of expenditures. In the CSSR, for example, the internal wholesale prices for fuel and energy products increases in connection with an increase in import expenditures by 2 percent. But it does not automatically affect the planned expenditures of users and the prices of associated production. It must be compensated by measures for saving raw material, fuel and energy. Such a purposeful influence of planning levers, including a price system, on the rational use of raw-material resources yields tangible results. In 1982 with a 4 percent growth in production volume in industry in the GDR, the consumption of raw material, fuel and other materials was reduced by 6 percent and in 1983 it was decreased by 9 percent.

Certain decisions in the area of pricing agricultural production are of practical interest. Here increasing attention is being given to questions of quality. In the HPR new standards have been implemented with increased demands on most types of agricultural products. Taking into account these demands, higher purchase prices have been set, particularly for a strain of wheat with better baking qualities, for a sunflower with a greater oil content and so forth. The method of determining purchase prices for sugar beets depending on sugar content has proven its value. The beets are divided into three categories according to a standard: with a sugar content of 13.5 percent and higher, between 12.5 and 13.4 percent, and 12.4 percent and lower. In each category the price is fixed at 0.1 percent of the sugar content--0.56, 0.5 and 0.45 forints, respectively. As a result, the price for 1 quintal of beets is determined by multiplying the percentage of sugar content (converted to tenths) by the price of 0.1 percent sugar content. According to the adopted rule, the actual sugar content is determined by the sugar plant. The system of incentive markups (discounts) to purchase prices for sugar beets with increased (decreased) sugar content has also been widely used in the USSR. In the first years use of such a pricing practice for sugar beets has yielded positive results.

The experience gained in this area in the People's Republic of Bulgaria (PRB) needs more detailed study. Here a special system of bonuses is practiced, incorporated in the purchase prices for individual agricultural crops. This system is used only for those types of agricultural products which are especially essential to the national economy for the purpose of accelerated development of their production. Thus it provides an incentive for farms as well as individual workers to expand cultivation of certain crops. Such a solution could be feasible for our country, for example, for individual types of medicinal plants and certain types of strains of vegetables, fruits and industrial crops.

The formation of agro-industrial associations in the USSR makes possible the approbation of yet another solution on the part of prices carried out in Bulgaria. This involves establishing a fund for regulating purchase prices on a territorial inter-farm agrarian association level. This fund is used taking into account the changing of production conditions and the sale of individual types of agricultural products. It could affect the procurement and sales of products in conjunction with the situation unfolding in a specific region.

There is positive experience in a number of CEMA member-countries in the use of seasonal prices and sales of manufactured consumer goods. Discounts on retail prices for non-seasonal goods reach 20-25 percent and help reduce stocks in the trade network. The fund for seasonal price regulation is set at a specific proportion of the total goods turnover. Trade organizations thus gain the opportunity to implement seasonal price controls effectively, but within the limits of national economic interests, taking into account the state of demand. In the HPR this fund is specified by state agencies as a certain percentage of the total annual goods turnover. Price reductions connected with decreased demand are compensated from this fund, thus its value in the form of differentiated percentage

rates is spread over various types of goods. In the CSSR a number of decisions have also been made and are being implemented on using prices for expanding goods turnover and reducing above-norm stocks. They primarily deal with especially fashionable and seasonal goods.

Conclusions from the specific experience of fraternal countries in this area can help work out the tasks facing the country's enterprises and organizations of light industry and trade "of a more thorough study of the population's demand, taking effective stock of workers' opinions on consumer qualities of goods on the market and also better organization of seasonal trade", which was called for in the decision of the Politburo of the CPSU Central Committee.\*

In the GDR and RSR, planning of production and turnover of consumer goods is being accomplished in a section of price groups. This method is directed at ensuring consolidation of products sold at lower prices in production and goods turnover, since the activities of enterprises (combines) are evaluated also with regard to fulfilling goals for the production and turnover of products of the lowest price groups. Thus, the interests of groups of workers with relatively smaller money incomes are considered.

In our opinion, it is advisable to restructure somewhat the existing forms and methods of studying and generalizing the management experience of CEMA member-countries. It is important to increase the goal-oriented nature of this study, having focused it on specific measures, and to conduct by stages (purposeful exchange of necessary information, evaluation from scientific and practical positions, development of precise recommendations for their use) a comprehensive analysis of organizational, economic and social aspects of the perception of such experience and measures for its application. It is sound practice to carry out the most important stages of such an analysis on the basis of joint and coordinated scientific research work. This will make it possible to use more effectively the international experience of socialist management in the interests of intensification of social production.

\* "PRAVDA", 15 April 1983

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## USSR-CEMA TRADE

### TRAINING OF VIETNAMESE WORKERS IN FOUR SOVIET REPUBLICS

Moscow EKONOMICHESKAYA GAZETA in Russian No 7, Feb 84 p 20

[Excerpts] Soviet-Vietnamese collaboration in training Vietnamese workers has had a long tradition. From 1954 to the present, more than 30,000 Vietnamese skilled workers have been trained in the USSR for approximately 70 occupations. Our country provides broad assistance to Vietnam in establishing a system of vocational and technical education.

An intergovernmental agreement was signed in 1981 which set the task of training Vietnamese workers at Soviet enterprises for a number of years to master modern machinery and production technology and progressive forms and methods of labor.

Vietnamese youths are studying and working at enterprises located in four republics--in the southern oblasts of the RSFSR, as well as the Ukraine, Kazakhstan and the Turkmen SSR, which have the natural and climatic conditions most suitable for citizens of the SRV. Training and work are carried out at enterprises of the coal, motor vehicle and light industries, in machine building and power engineering, as well as in other sectors of the economy in 70 key occupations. At the same time, a large number of tasks related to living arrangements, instruction in language skills, and vocational preparation for the Vietnamese youths have been resolved. Experienced teachers, foremen, instructors--and tutors directly in the work places--have been allocated. The broad Soviet aktiv involved with receiving the Vietnamese citizens is devoting much effort and cordiality to successful implementation of the agreement.

The citizens of Vietnam enjoy all the rights defined by Soviet laws, including the Law on the Legal Status of Foreign Citizens in the USSR. Labor conditions and safety, the length of the work day, the amount of wages--these and many other matters have been resolved in accordance with our country's labor legislation.

A great deal is being done for the beneficial leisure time of the Vietnamese citizens--sports activities, literature, art; regular visits to historical, cultural, and other noteworthy places in our country are organized for them. Vietnamese and Soviet youths are becoming mutually acquainted with the revolutionary and fighting traditions of both our countries, and are meeting with



war and labor veterans, distinguished individuals and outstanding production workers. During the regular vacation period, the Vietnamese comrades are given the opportunity to rest in sanatoria, rest homes and holiday hotels, and to take interesting trips in the Soviet Union.

In work with the young Vietnamese, their national characteristics are taken into consideration, and concern is shown that they have good libraries of sociopolitical and fiction literature in their native language and that they receive information about their homeland expeditiously.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### ASTEC OFFICIAL ON AGRIBUSINESS USA-83 EXHIBITION

Moscow FOREIGN TRADE in English No 3, Mar 84 pp 50-51

[Article by Boris Alexeyev, senior vice president, head of ASTEC Moscow office: "Agribusiness USA-83 Exhibition in Moscow"]

[Text] Last October Agribusiness USA-83, an exhibition of equipment and machinery for the production, processing, transport and storage of agricultural products and agrochemistry, was held in V/O Expocentr's exhibition complex in Sokolniki Park (Moscow). It was sponsored by the US-USSR Trade and Economic Council (ASTEC). The dates of the show coincided with the tenth anniversary of signing the Soviet-American protocol on setting up this joint organization of the two countries' business circles, representing at present 210 American corporations and 119 Soviet organizations and departments.

The holding of the exhibition was approved by the US-USSR Trade and Economic Council members at its seventh annual meeting in Moscow, November 1982, and reflected the Council's consistently pursued policy for expanding and deepening Soviet-American trade and economic relations. A joint resolution, adopted by the meeting, points out that

"the development of trade and commercial relations between the USA and the USSR based on equality and mutual benefits would contribute to the stability of overall relations between the two countries as well as providing economic benefits to participating US companies, their stockholders and employees and participating Soviet organizations and enterprises." They called upon both countries' businessmen "through the auspices of the Council and otherwise, to identify those sectors where there are realistic opportunities for increased trade and promote the development of trade in those areas."

The exhibition Agribusiness USA-83 was a new field of ASTEC activity; it was prepared and held with active assistance rendered by the All-Union Association Expocentr of the USSR Chamber of Commerce and Industry, and participation of the American company, Design and Production Inc.

As Agribusiness USA-83 was the first American exhibition to be

held in the Soviet Union for the last seven years, it was an important event for re-energizing Soviet-American trade and economic ties.

The exhibition occupied an area of 5,500 square metres. Over 100 American firms, the State of Nebraska and the National Soybean Processors Association were exhibitors. About 450 representatives from the different American corporations and some of their European subsidiaries arrived to display their products. In addition to the firms—Soviet organizations' traditional partners, such as John Deere & Co., International Harvester Co., Caterpillar Tractor Co., Owens-Illinois, Ralston Purina Co., ADM (Archer Daniels Midland Co.), Control Data Corporation, IBM, Monsanto Co., E.I. Du Pont de Nemours & Co. among many others, and a number of American companies new to Soviet organizations (DEMACO, Rickel Inc., Micron Corp., The Upjohn Company, Butler Manufacturing Co., Behlen Manufacturing Co., etc.) exhibited their products.

The official opening ceremony on October 17, 1983, was attended, for the Soviet side, by ASTEC co-chairman V.N. Sushkov, Deputy Minister of Foreign Trade, Ye.P. Pitovranov, President of the Presidium of the USSR Chamber of Commerce and Industry, V.S. Alkhimov, President of the USSR State Bank, and a number of other authorities of Soviet ministries and departments; for the American side—by A. Hartman, USA Ambassador to the USSR, D. Andreas, ASTEC Executive Committee member and its Direc-

tor and President of the ADM company, D. Miller, ASTEC President, and other US business people.

The exhibition was very commercial, over 60,000 specialists from Soviet organizations concerned with the USSR agro-industrial complex visited Agribusiness USA-83.

The great variety of exhibits which covered different fields of US agro-industrial production made the exhibition a notable one: new samples of farm machinery, including a self-propelled machine on the basis of the Soviet T-150K tractor for subsoil injection of liquid fertilizer (Rickel firm); an axial flow pull-type grain combine (capacity 18 kg of mass per second), a diesel-driven cultivator (International Harvester Company); a two-row potato harvester assuring potato harvesting on heavy damp soil, and a four-row potato planter (Lockwood Corp.); the John Deere firm's self-propelled grain harvester with a 225 h.p. engine equipped with two changeable floating type headers (productivity 12 kg of mass per second); a 460 h.p. track-type tractor, with a mounting bulldozer and ripper (Caterpillar company); chisel ploughs for deep mouldless soil cultivation (John Deere and Monsanto firms). The programme-controlled continuous multi-component fodder-preparing system, displayed by the Blount World Trade Corp., was also of interest; an automatic fodder distributor system (Dairy-Tronic), and fodder additives for pig raising (Moorman Manufacturing Co.); agro-industrial process automatic control systems (Control Data

Corp., Allen-Bradley, IBM); laboratory equipment and instruments for soil and plant analysis (Spinlab, Technicon Corp., Rolfes, Hiac/Royco, Varian Associates, Jarrel-Ash, etc); plant protection chemicals (The Dow Chemical Co., Monsanto, Stauffer Chemical Co., Rohm and Haas, Du Pont De Nemours, Union Carbide Corp.) grain storage and drying systems (Butler Manufacturing Co., Behlen Manufacturing Co.); an electric discharge weed destructor for use when cultivating sugar beet, cotton, vegetables (Lasco, Inc.) and many other exhibits.

Many firms' stands illustrated new production methods applied in US farming, particularly for soil cultivation and when applying fertilizers and plant protection chemicals, in the production, processing and storing of farm produce, as well as in the dairy, meat, food and other industries.

During the exhibition seminars and symposia on agro-industrial themes were held. Firms-representatives presented 25 scientific and technological reports. More than 1,300 Soviet specialists attended the seminars and symposia.

Soviet specialists stated that on the whole the choice of exhibits and the technical achievements shown made it possible for visitors to fully assess US experience and progress made in agro-industrial production. Many exhibits were

purchased directly by interested Soviet organizations.

Thirty companies were awarded Diplomas by the USSR Chamber of Commerce and Industry for their displays.

Firms representatives made profitable use of their stay in Moscow for consolidating their business ties and establishing new contacts with Soviet organizations. Many of them were initiators making concrete proposals of cooperation with Soviet organizations (Owens-Illinois, Monsanto, The Dow Chemical Co., Argus Trading Ltd., John Deere & Co., Moorman Manufacturing Co., Chilewich Corp., Rickel Inc., etc.). The sides started immediate negotiations on some of them.

Participants and Soviet specialists praised and complimented the show's organizers. Many companies evinced interest in participating in other exhibitions to be held in the Soviet Union, particularly the international exhibition Selkhoztehnika-84 (May-June 1984). Firms supported the idea that ASTEC should be the initiator in these matters. Participants in the exhibition were unanimous in their aspirations to find ways of effecting mutually advantageous cooperation and spoke critically of the policy of sanctions and limitations imposed by American administration as a factor hindering American companies' successful appearance on the Soviet market.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### SOVIET-SWEDISH TRADE RELATIONS AT 60TH ANNIVERSARY

Moscow FOREIGN TRADE in English No 3, Mar 84 pp 19-21

[Article by Kaleria Lavrova and Mikhail Medvedev: "USSR-Sweden: Good-Neighbourly Trade and Economic Relations"]

[Text]

Sixty years back on March 15, 1924, the first Soviet-Swedish Trade Agreement was signed in Stockholm. The Agreement laid down the main trade policy principles between the two countries providing, specifically, for the mutual MFN treatment.

After signing the Trade Agreement Sweden officially recognized the Government of the Soviet Union *de facto* and *de jure*.

The trade and economic relations of the Soviet Union with industrial Western countries rest today on the Leninist policy of peaceful coexistence and mutually profitable trade, economic, scientific and technological cooperation. This policy was re-affirmed by the 26th Congress of the Communist Party of the Soviet Union and by the November 1982 Plenary Meeting of the CPSU Central Committee. In his address to the Plenary Meeting Yu.V. Andropov said that the differences in the social systems should not stand in the way of reciprocal, open-hearted and honest cooperation with all countries, and they never do if there is goodwill on both sides.

Soviet-Swedish trade relations have good long-standing traditions. The young Soviet state began trading with Sweden much earlier than with other West European nations. The first trade deals with the Swedish companies Johnson, Baltik, Palmquist and Nohab were made in 1918.

In the spring of 1920 the Soviet cooperative society Centrosoyuz trade delegation came to a successful end of its talks with a group of Swedish industrialists and exporters and signed a contract (May 15) for purchases of industrial goods from Sweden; the payment to be made in gold. The significance of the above deals and contract extended beyond the boundaries of Soviet-Swedish bilateral relations because for the young Soviet Republic it was more than just purchases of badly needed farm machines, locomotives, hydraulic turbines and other equipment; it was a breach in the economic blockade imposed upon Soviet Russia. The benefits, particularly, of the order for locomotives, were not unilateral either. In those hard economic times for Sweden it was the largest order Swedish industry had then obtained.

The signing on March 15, 1924, of the Trade Agreement between the Soviet Union and Sweden has for 60 years been

a solid legal foundation of Soviet-Swedish economic relations.

Later, other documents were added to this foundation including the Convention on the Legal Status of the Soviet Trade Representation in Sweden of October 8, 1927.

Over the 60 years since the date of the first trade agreement various economic factors have affected the dynamics of the Soviet-Swedish trade.

The 1970s was a period of fruitful cooperation which developed in the context of detente.

A primary indicator of successful economic intercourse is the volume of trade turnover. From 1970 to 1983 it more than trebled, reaching about 900 million rubles in 1983.

The pattern of Soviet-Swedish trade reflects mutual interest in developing trade relations. The Soviet market is of interest to Sweden both as a source of products required for its industry and as an external market for Sweden's various goods, primarily engineering articles.

Soviet exports to Sweden mainly include energy carriers and industrial raw materials, some of which meet an essential part of Sweden's requirements. These are: liquid and solid fuels, scrap, apatite concentrate, timber, chemicals, etc. Deliveries of some of these products are based on long-term contracts.

The Soviet Union also exports to Sweden some types of machinery and equipment, mainly, passenger cars, metal-cutting machine tools, metallurgical and electrical equipment, and tractors.

Today over 300 Swedish enterprises use some 3,000 items of different types of Soviet-made equipment. Though some progress has been made in recent years, Soviet engineering exports are still not large and do not reflect the partners' respective potentialities.

An agreement was signed in 1981 on the enrichment of Swedish uranium raw material at Soviet enterprises (operative till the year of 2000).

Taking into account Sweden's advanced engineering experience and industrial potential Soviet foreign trade organizations, on their part, buy various equipment from Sweden.

In some years up to 65 per cent of total Soviet imports from Sweden fell to machinery and equipment.

Between 1970 and 1983 the Soviet Union purchased almost 1,500 million rubles worth of machines and equipment, primarily those types in which Sweden excels. These included large shipments of equipment for the Ust-Ilimsk industrial timber complex; highly productive automatic match-making machines; drilling installations and other mining equipment; equipment for the food industry, including for refining fats and oils, their blanching and filtering, etc. Swedish-manufactured automatic air traffic control systems have been installed at airports in Moscow, Kiev and Mineralnyye Vody.

Besides the traditional engineering products coming from Sweden, pulp, paper and cardboard, rolled metals, chemicals, etc. are also imported.

The Soviet-Swedish trade and economic relations were notable not only because of the physical trade turnover expansion but because of their constant perfecting as well.

In 1968 on the initiative of the Swedish Side a Swedish-Soviet Trade Promotion Committee was set up in Sweden uniting majority of the companies and enterprises which have been traditional partners of Soviet foreign trade organizations. This Committee, formed to develop trade, economic, scientific and technical links with the Soviet Union, has won popularity and respect as a sponsor of many useful initiatives in Soviet-Swedish trade.

On January 12, 1970, an Agreement on Economic, Scientific and Technical Cooperation was signed followed by a Programme of Soviet-Swedish Long-Term Economic, Industrial, Scientific and Technical Cooperation of April 25, 1975, which later was replaced by the Long-Term Programme for the Development of Economic, Industrial, Scientific and Technical Cooperation between the Soviet Union and Sweden signed September 24, 1981, and effective up to 1990. The Programme reflects the mutual desire of both countries to expand their economic relations. It encompasses trade, including coastal, industrial cooperation, joint research projects, agriculture, transport, tourism, financial matters, exchange of economic and commercial information, etc. Over the period covered by the programme Soviet-Swedish trade turnover is expected to double. A supplement to the programme sets out the main guidelines of cooperation which range from the manufacture of completing equipment for atomic power plants to joint research projects in natural and engineering sciences.

Practical implementation of cooperation has been entrusted to the Soviet-Swedish Intergovernmental Commission on Economic, Scientific and Technical Cooperation.

It also deals with the practical matters that arise in the course of economic, scientific and technical cooperation, and searches for new ways and means of extending Soviet-Swedish trade relations in various fields. Assistance to cooperated and specialized manufacture and joint project construction is another major concern of the Commission. The Commission is helped by a number of standing working groups and various expert panels.

At its meetings (there have been 11 of them since the signing of the Agreement on Economic, Scientific and Technical Cooperation) the Commission discusses all possibilities that can extend and improve Soviet-Swedish cooperation.

The 11th meeting of the Commission in Moscow (February 1983) determined further cooperation in civil engineering, dairy and meat industries, agriculture and other sectors related to the agro-industrial complex and the USSR Food Programme. The meeting also reviewed and assessed the progress made in the implementation of the Long-Term Programme of Cooperation. It was pointed out that the Programme became a solid foundation for the Soviet-Swedish cooperation in commerce, economics, industry, science and technology. Over 40 representatives of the largest Swedish industrial enterprises, trade companies, associations and banks attended the Moscow meeting to discuss a number of specific projects.

In recent years good progress has been registered in scientific and technical cooperation, especially in agriculture, the timber, pulp-and-paper, and woodworking industries, chemistry, environmental protection and other sectors. Cooperation is being organized on extraction of oil and gas from the sea-bed, the techniques and technology of such work, and the economic and efficient application of energy.

Increased trade, greater opportunities for using the benefits of the international division of labour for extending mutual cooperation and involvement in these activities of new organizations and firms warrant an improved institutional mechanism of exchange. With this aim in view a number of Swedish firms and banks have opened up their offices in Moscow. Among these are Johnson, ASEA, Alfa-Laval, Sandvik, Statsföretag AB (a public concern), Svenska Handelsbanken and Skandinaviska Enskilda Banken. Three Soviet-Swedish joint-stock companies operate in Sweden: Matreco Handels Ab, Skansov and Scaurus.

On the whole there are all grounds for giving a positive assessment to the progress made in Soviet-Swedish trade and economic cooperation.

This does not mean, however, that the sides have used all their potentialities for its further extension. Both countries have considerable reserves in and for enhancing their mutually advantageous economic relations.

That the sides are interested in further progress and the use of available reserves can be seen from the statements made by N.S. Patolichev, Soviet Foreign Trade Minister, and M. Hellström, Swedish Foreign Trade Minister, (see supplement to the Soviet *Economicheskaya gazeta*, No. 49,

1983, and the supplement to *Dagens Industry*, Swedish business circles' newspaper).

Thus, even a brief analysis of the progress of Soviet-Swedish relations over the past 60 years convincingly shows that

the Trade Agreement of March 15, 1924, laid a solid foundation for building-up these relations and it still continues to perform these functions.

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### USSR-Argentina Agreements, Trade Achievements Reviewed

Moscow FOREIGN TRADE in English No 3, Mar 84 pp 32-34

[Article by Valeri Kornyshev: "USSR-Argentina: Progressing Economic and Trade Ties"]

[Text] The current year is the tenth since the signing of a number of intergovernmental agreements between the USSR and Argentina which laid the foundations assuring rapid development of the two countries' trade and economic ties in subsequent years. These include the Agreement on the Development of Trade, Economic, Scientific and Technical Cooperation, Agreement on Shipments of Machines and Equipment from the USSR to Argentina, Agreement on Scientific and Technical Cooperation (all the three agreements signed on February 13, 1974), and the Agreement on Navigation of August 24, 1974.

These agreements witness both countries' desire to promote mutually advantageous cooperation in important sectors of the economy, science and technology. The agreements defined not only possible spheres of cooperation but its forms as well, the most substantial role being assigned to mutual trade. The same year (1974) the Soviet-Argentine Joint Commission on Trade, Economic, Scientific and Technical Cooperation was formed. Its purpose is to consider cooperation between the two countries in the specified fields, control the implementation of relevant Soviet-Argentine agreements and work out recommendations furthering cooperation.

The 1974 agreements together with the 1971 Trade Agreement formed a sound treaty and legal basis for the two countries' cooperation and were conducive to the promotion of bilateral relations, primarily in trade. Thus by 1975 Soviet-Argentine trade had almost quadrupled over the 1973 level amounting to 304.4 million rubles.

Subsequent years progressively improved the two countries' trade and in 1983 its volume accounted for some 1,200 million rubles.\*

Argentina is an oldest trading partner of the USSR in Latin America. At present she holds the first place in trade volume with the Soviet Union among the countries of the region and third among the developing nations.

Signing of the Agreement on Shipment of Machines and Equipment was important for promoting mutual trade as it envisaged, on the one hand, payment for Soviet equipment shipped to Argentina by easy instalments over a ten-year period and, on the other hand, the possibility of the USSR using these payments to purchase Argentina's goods. Simultaneously with the negotiations on this and other agreements talks were held with Argentina's organizations in the state sector on shipments of Soviet machinery and equipment for the oil, coal, power and metallurgy industries on the above stated commercial credit terms, and contracts providing for such deliveries for a number of years ahead were signed.

Also in 1974 the All-Union Association Energomachexport was successful in a tender and gained a contract for the shipments of turbines and generators to the Argentine-Uruguayan Salto Grande hydro-electric power station (power rating 1.9 million kW), one of the largest in Latin America. These shipments of Soviet equipment for this power station constituted the first big undertaking of the two countries' cooperation in the power industry.

Today two more electric power stations are under construction in Argentina, for which Soviet organizations are supplying equipment: the Costanera 310 MW and Bahia Blanca 620 MW thermal power plants. Deliveries to the Costanera thermal power station are already completed and it will soon be commissioned, equipment shipments to the second station will finish this year.

Both countries' organizations are finalizing negotiations on shipments of Soviet equipment for the next large project, the Piedra del Aguila 2.1 million kW hydroelectric power station. A qualitatively new feature of this project is the fact that the main equipment will be manufactured jointly with Argentine industry. This



makes it possible for Argentina, besides loading production capacities more fully, to gain, with Soviet specialists' help, experience in manufacturing large hydroturbines and generators which up to now that country has never produced.

Taking into account the experience gained and good results achieved in Soviet and Argentine organizations' joint activities in developing Argentina's power industry one may understand that this sphere will continue to be the most promising in the two countries' trade and economic cooperation. Argentina's development programme for this industry provides for the construction of the Paraná Medio hydropower complex, one of the largest projects of this kind ever envisaged in Latin America. Soviet organizations have rendered engineering services to Argentine specialists in designing the first stage of the complex and have expressed their readiness to participate still more in the work on this project.

Over the past ten years since the conclusion of the Agreement on Shipments of Machines and Equipment, Soviet foreign trade organizations have exported to Argentina about 160 million rubles' worth of equipment, including, besides power-generating plant, oil tanks, crane-trucks and pneumatic-driven cranes, lorries, pumping-jacks, pumps for the oil industry, mining equipment, special-type rolling mills. The major part of the shipments go to state companies as they continue to be the main purchasers of Soviet machinery.

Machines and equipment are the bulk of Soviet exports to Argentina. Among other goods sodium bichromate (source material for production of the chemicals required by Argentina's tanning industry) is a large and more stable export item.

Argentina's export to the USSR almost fully consists of farm produce and its processed products. Being one of the world large agricultural product exporters, Argentina traditionally supplies the Soviet Union with wool, hides and skins, semi-finished leather items, cereals, vegetable oils, quebracho tanning extract.

As is known Argentina did not take part in the 1980 boycott of cereal deliveries set up by the United States of America against the USSR and did not follow the part of curtailing trade and economic relations with the Soviet Union which are of interest to both countries. On the Argentine side's initiative an agreement was signed in 1980 on shipments to the USSR of fodder grain (maize and sorgo) and soya-beans, and in 1981, an agreement on meat deliveries. Both agreements are being successfully implemented. With these agreements the Soviet Union now holds the first place among Argentina's trading partners, its share in Argentina's exports exceeding 20 per cent. In addition to grain the Soviet Union imports from that country large quantities of meat, vegetable oils: linseed, sunflower-seed, tung oils; in some years we bought wine and sugar. Soviet purchases from Argentina also include some kinds of manufactures, for instance, tubing strings.

Considerable volumes of Soviet purchases of farm products from Argentina result in a significant balance of trade in the latter's favour, and this to a certain extent restrains mutual trade from progressing further. Realizing this the Government of Argentina expressed its intention to considerably expand its imports from the USSR, particularly through buying machines, equipment and other Soviet-made products worth about 500 million dollars, and was the initiator of furthering economic, scientific and technical cooperation on the basis of intergovernmental agreements now in force.

Those matters were discussed specifically at the last (seventh) meeting of the Soviet-Argentine Joint Commission held in Moscow last July. The results of the meeting reaffirmed the reliability of both countries as business partners, because the ties between them are not subject to fluctuations caused by winds blowing on the foreign political arena. The exchange of opinions on a wide range of questions at the meeting, confirmed both sides' interest in continuing and expanding the mutually advantageous ties.

The Commission considered the progress made in fulfilling previously coordinated purchases of equipment by state companies and prospects of their further development. Also discussed were the stages of negotiations on cooperation in those projects to be built and modernized in Argentina within the next few years. The parties, in particular, will continue their cooperation in constructing fishing ports (towns of Puerto Madrin, Ushuaia), re-constructing a sea port in Bahia Blanca, and modernize and adapt the Buenos Aires-Rosario railway to electric traction. Possibilities of cooperation in other fields were also discussed, such as geology, mining, gas and other industrial branches. Taking into account that Argentina has as yet poorly studied the fishing resources of its territorial waters, sea fishery seems promising both in the form of joint fishery researches and by the setting up of joint fishery societies.

As to scientific and technical cooperation, only first steps have been made as yet. To make cooperation in this sphere more active, the sides have started elaborating a Programme of Joint Measures for the 1984-1985 period which is to be approved in the near future at the first meeting of the Soviet-Argentine Joint Commission on Scientific and Technical Cooperation set up last May.

In spite of the considerably expanded Soviet-Argentine trade ties it should be said that the volume of bilateral cooperation reached in the last decade does not as yet correspond to all the potentialities. Objectively, this is caused, first and foremost, by lack of knowledge of each country's capabilities and by Argentine business circles' traditional orientation on developing relations with the West. Because of this the parties are now paying more attention to expanding and strengthening business contacts between both countries' organizations and firms, are arranging the exchange of information on a broader scale so as to reveal new mutually advantageous cooperation

opportunities and organizing exhibitions, advertising, etc.

One of the steps conducive to wider Soviet exports to Argentina will be a permanent demonstration hall showing Soviet machines, equipment and other goods which is to be opened in Buenos Aires this year. The understanding on opening this exhibition hall to better acquaint Argentina's business circles with samples of Soviet equipment and other export goods was also reached at the Joint Commission's meetings.

Activities of the Argentine-Soviet Chamber of Commerce also promotes broad and stable many-sided business contacts. The Chamber was set up about ten years ago on the initiative of a group of Argentine private firms—constant partners of Soviet foreign trade organizations. The Chamber involves interested Argentine companies in Soviet-Argentine trade and helps them establish contacts with Soviet organizations. It is worth mentioning that Argentina is the first and so far the only country in Latin America having such a chamber of national com-

panies interested in promoting trade and economic relations with the USSR.

March 1983 saw the opening of Aeroflot's regular commercial airline connecting Moscow and Buenos Aires.

The new constitutional civil government, which has recently come to power in Argentina, expressed its intention to adhere to the principle of giving up "ideological borders" in developing foreign economic relations meeting national interests, particularly, to continue the line aimed at expanding trade and economic ties with the USSR. The sides' goodwill and also accumulated positive experience of Soviet-Argentine mutually advantageous and equal cooperation make it possible to believe that the two countries' trade and economic relations will become stronger and wider.

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\*Estimate.

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## TRADE WITH LDC'S

### BASIC STRUCTURE OF USSR-LDC ECONOMIC COOPERATION

Moscow FOREIGN TRADE in English No 3, Mar 84 pp 24-26, 28-30

[Article by Mikhail Khaldin, doctor of sciences in economics: "Present Forms of USSR Trade and Economic Cooperation with the Developing Countries"]

[Text]

At present the economic exchange between the Soviet Union and developing countries is a complex system of inter-state economic relations, which includes, besides the traditional foreign trade transactions, credit, financial and also scientific and technical relations, assistance in project construction in the leading sectors of production as well as in the infrastructure of the newly-free nations.

The growth of the economic potentials of the USSR and the developing countries, the heightened level of their economies' international specialization, the positive experience of their mutually advantageous cooperation and their growing mutual political confidence have placed on the day's agenda the formation and deepening of a stable and mutually beneficial division of labour between partners in the interest of raising the effectiveness of Soviet economy and consolidating the economic independence of the newly-liberated African, Asian and Latin American countries.

The complex development of foreign trade, economic, scientific and technical contacts between the USSR and the newly independent countries, encompassing not only the sphere of exchange but also that of production and services, have created favourable conditions for diversifying the forms of trade and economic cooperation and strengthening its organizational and legal foundation.

Soviet foreign trade organizations are regularly working to find, approve and apply new forms of economic exchange between the USSR and the developing countries with

due regard for what is useful in the practice of international economic relations.

The change to large-scale and diversified economic ties calls for continuous perfection of the controlling mechanism and the forms of organizing the economic cooperation. Experience necessitates creation of new organizational institutions possessing broader possibilities for taking effective measures and making mutually coordinated decisions assisting a further growth of trade and economic cooperation between the USSR and the developing nations.

*Intergovernmental joint commissions on economic, scientific and technical cooperation* are organizational form contributing to and increasing the volume of trade and economic cooperation between the Soviet Union and many developing countries.

These commissions and their national parties include experts from the planning, financial, industrial and foreign trade ministries and departments as well as from scientific organizations who possess the requisite competence for working out, adopting and implementing the agreed measures that further expand bilateral trade and economic relations. Sub-commissions and working groups are set up to solve current and long-term problems in line with the main directions of the cooperation.

It is a function of the joint commissions to assess the main results achieved from the cooperation, consider problems arising and outline ways for their solution, work out national and joint measures for developing mutual economic ties, prepare joint draft documents on external economic questions, identify new spheres of cooperation and plan it on a long-term basis.

The participation of representatives from interested industrial ministries and departments in the work of the commissions ensures the necessary tie-up of external economic obligations with the requirements and possibilities of the economies of the cooperating parties and the timely execution of measures coordinating the increased economic exchange. The intergovernmental character of decisions and documents adopted imparts a planning element to trade and economic relations and heightens the responsibility of the parties for their mutual commitments.

The first joint intergovernmental commissions of the USSR and developing countries were set up in the 1960s and by mid-1983 about 20 of such commissions were in existence. These commissions are instrument in promoting trade and economic cooperation between the USSR and such countries as Uruguay, Algeria, Iraq, Mexico, Morocco, India, Syria, Argentina, Libya, Peru, Angola, Mozambique, the People's Democratic Republic of Yemen, Madagascar, Afghanistan, Ethiopia and some others.

*Cooperation in the field of planning* is a logical supplement to the activity of joint commissions. Being a form of scientific and technical exchange this cooperation, in the amount of its influence on trade and economic collaboration, is highly promising for the development of firm and balanced bilateral relations. In the final count this cooperation with the USSR tends to stabilize the economies of the newly-free countries.

Naturally, this form of cooperation is especially effective in our relations with those developing countries broadly applying planning principles in their economic practices and having large public sector and competent national planning bodies. Socialist-oriented states which consider planning to be an important instrument for implementing their socio-economic policy are very keen on this form of cooperation.

With the present unstable state of world markets *long-term commercial contracts* play an increasingly important role. They raise the efficiency of production and financial planning, accelerate the raw material processing technology transfer, economize manpower, material and financial resources, and reduce transportation costs in foreign trade transactions. When applied on a wide scale they stabilize foreign trade exchange and increase its volume, they also speed the application of new forms of trade and economic cooperation with the newly-liberated countries.

Soviet foreign trade organizations have been trading with the developing nations on the long-term contract basis for many years now. As distinct from ordinary raw material purchase and sale commercial contracts, long-term contracts are signed within the framework of intergovernmental agreements on economic, scientific and technical cooperation, which envisage credits for long-term projects,

equipment and machinery deliveries, technical assistance in construction, engineering, and so on. In other words, long-term commercial contracts in Soviet external economic practices normally have economic, scientific and technical assistance to the developing countries tied in them and often also realize the results of this cooperation.

*Cooperation in processing the customer's raw materials* by way of conversion transactions or transactions on a raw material supplied basis helps achieve reducing in the capital outlays of one partner as it obviates the construction of additional production capacities, ensures fuller loading of the other partner's existing productive capacities, and increases the mutual exchange of goods.

In the early 1970s Soviet foreign trade organizations signed similar conversion transactions, which provide for shipments of Soviet raw materials to enterprises in the developing countries for processing, with the Soviet Union subsequently purchasing the finished articles under a single through contract.

This form of cooperation between the USSR and the developing countries may become very popular, and especially efficient in our relations with the neighbouring developing states owning large production capacities for processing some Soviet raw materials having a high value per weight unit of commodity.

The emergence of several new forms of cooperation is closely linked with the growth of Soviet economic and technical assistance to the developing countries. These forms have been practised since the mid-1950s by way of shipments of complete equipment and materials, the carrying out of individual types of activity such as design, survey, geological prospecting, assembly work, starting and adjusting operations, and personnel training. To utilize the internal resources of the developing countries and accelerate the transfer of know-how in building and running the projects of cooperation, Soviet organizations in the 1970s began to undertake all work on implementing the agreed projects on "turn-key" terms. Particularly interested in such cooperation with the Soviet Union are the less developed countries which have no skilled personnel, production capacity or sufficient financial resources of their own, and

also the oil-exporting developing nations for the time saved in constructing projects in the key sectors of their economies.

In view of this interest on the part of many developing countries, the Soviet side has since the 1970s been practising such a form of economic and technical assistance as *cooperation on general contract or turn-key contract*. Construction by this type of a contract presupposes that the Soviet side will perform the entire complex of work in building a project, and guarantee the client in the developing country that the project will be completed on time and in full accordance with the design, excluding thereby a wasteful distribution of his currency, technical and manpower resources. The proportion of turn-key contract construction in the total volume of Soviet assistance to the developing countries went up from 15 per cent in 1975 to 46 per cent in 1982. In view of the growing volume of work under agreements stipulating construction by such type of a contract, a department for contract work abroad and an All-Union Agency, Strojpodryadexport both under the USSR State Committee for Economic Relations, have been set up to deal with questions of building projects abroad on turn-key contract, including in the developing countries.

*Construction on terms of finished product output* is becoming a new modification of turn-key contract relations, which presupposes not only the carrying out by the contractor of the entire complex of construction and assembly work, but also his organization of the production and sale of output at the initial stages of running the completed enterprise. Many developing countries have difficulty in using up-to-date technologies due to the poor professional qualifications of local personnel and see the solution of the problem in extending the obligations of the foreign contractors to include operation of the new production capacity.

At the present time newly independent states are showing interest in participation of Soviet foreign trade organizations not only in process of building the agreed projects but also operating them and ensuring their profitable functioning for an agreed time after they are commissioned.

In view of this tendency it seems logical and possible to practise the *long-term lease* of Soviet-assisted enterprises in

the developing countries and their exploitation with the participation of Soviet specialists. Settlements for such operations could be made by the production-sharing of the output of the enterprises leased in proportion to the expenses incurred by the parties. This form of relations, while helping solve some trade and economic cooperation problems between the USSR and the developing countries, does not entail the transfer of property rights of the Soviet-assisted projects in the developing countries but is a means of the partners sharing the agreed output in the requisite quantities and the set time-limits.

The commissioning of many Soviet-assisted projects in the developing countries has made it possible to begin *back purchases of products turned out by these enterprises*.

The need for such operations is explained by the interest of our partners in the developing countries in loading their new production capacities, organizing the reliable sale of their output on foreign markets, and finally in ensuring the new enterprises profitable operation. Meanwhile the Soviet Union, too, is interested in importing some of these products. As an example we can mention the shipments of pig iron, rolled steel, metallurgical and crane equipment from the projects of Soviet-Indian cooperation. In the first half of the 1970s Egypt exported appreciable quantities of cold-rolled steel sheet to the USSR; big Soviet orders for stamped automobile and tractor parts and sea-going vessels were filled by the Soviet-assisted forging factory and shipyard in Egypt.

Late in the 1970s from the Soviet-cooperation enterprises in the developing countries the USSR received oil, natural gas, bauxites, alumina, ferrous and non-ferrous metals, yarn, canned food, chemical fertilizers, as well as some types of equipment and machinery.

Between 1976 and 1980 the proportion of products turned out by the Soviet-assisted enterprises in the developing countries accounted for 20 to 25 per cent of the Soviet imports from all developing countries.

*Cooperation on a compensation basis* is a promising form of the Soviet Union's foreign economic ties. As applied to trade and economic cooperation between the USSR and developing countries this type of cooperation presupposes



the granting of Soviet purposeful credits and materials, the setting up of new Soviet-aided production capacities in the developing countries and payment (compensation) of a developing country's debt to the USSR with products from the compensation-built enterprises (more rarely with products made by other enterprises).

Compensation projects mainly comprise the key sectors of the developing countries' economies (fuel-and-raw material, manufacturing and other industries). A compensation agreement is commonly linked to export-import and commodity exchange operations and embraces the industrial, financial and commercial interests of the partners by ensuring efficient production technologies and operation of projects during the rather long period of validity of the agreement.

Compensation cooperation promotes expansion of the export capabilities of the developing countries, guarantees the reliable marketing of the manufactured goods for quite a long period, improves business solvency, provides sources of credit facilities without usage of convertible currencies, attenuates the payment problem of their foreign debts and stabilizes economic exchange between the cooperating countries.

At present the Soviet Union has some 30 compensation agreements with developing countries, the largest of them being agreements with Afghanistan (1963) and Iran (1966) on natural gas, with Guinea (1969) on bauxites, with Syria (1969) and Iraq (1975) on oil, with Morocco (1978) on phosphates, with the Congo (1981) on poly-metallic ores.

*Trilateral cooperation*, which made progress in the 1970s in conditions of international detente, represents the joint participation of organizations in the socialist states, industrial capitalist and developing countries in building large projects on the latter's territory. This form of cooperation is economically profitable to all partners in respect of material resources thanks to reduced construction and operation costs, higher competitiveness of the commercial and technical transactions and quicker completion of the projects, especially large ones.

As far as the developing countries are concerned, trilateral cooperation broadens the access to advanced technology, builds their production capacities on more favourable financial terms, and assists them to expand their national exports on the socialist and capitalist markets.

Western participants in trilateral cooperation are attracted by the possibility of increasing their export sales on the markets of socialist and developing countries, of loading their production capacities more fully and of reducing the volume of credit to cover the construction costs.

Experience shows that trilateral cooperation has made good progress when opening new mining enterprises in the African countries, when building industrial and infrastructure projects in the Latin American and Asian countries, and erecting large industrial and infrastructure projects on turn-key terms in the developing nations exporting oil.

By 1982 Soviet foreign trade organizations had arranged trilateral cooperation with more than 200 firms of 25 industrial capitalist countries, including Finland, the FRG, France, Italy, Austria, Japan, Switzerland among them. Some projects of such cooperation in the developing countries include atomic and thermal power stations, iron-and-steel works, chemical and petrochemical plants, building-material factories, mining enterprises (including mineral prospecting ones), and the development of transport networks.

By 1978 the USSR had participated, on terms of trilateral cooperation, in building numerous projects in 46 developing countries.

This form of cooperation has various versions: Western firms usually act as sub-contractors supplying equipment, materials and services for projects being built by Soviet organizations; Soviet organizations provide equipment, materials and services on a contract basis for projects being constructed by Western firms, and finally, Soviet organizations and capitalist firms jointly participate in all stages of building projects in the developing countries. In the opinion of economists, "this form of cooperation is beneficial to all its participants: to the country where the very competitive project is being built, both economically and technically; the equipment suppliers who thus have the chance to expand

their exports and exchange technical and commercial experience; and finally, this form of joint participation promotes the international division of labour and cooperation, this respect serving the interests of peace and detente."<sup>1</sup> Although it developed rapidly in the years of detente, trilateral cooperation is now faced with obstacles due to the heightened world tension, all sorts of economic sanctions imposed by the Western powers against the socialist and some developing countries, and the attempts of the US administration to convert external economic ties into an instrument for applying crude political pressure.

In these conditions much wider prospects open up before *USSR cooperation with developing states on the markets of third countries*, which can be regarded as a modification of trilateral cooperation but without the participation of firms from the industrial capitalist countries which are at present undermining international economic collaboration. This form of relations increases the export possibilities of parties holding to principles of equitable division of labour, improves the competitiveness of their goods on the developing countries' markets, and enables the partners to jointly receive good contracts and use their mutual business contacts to further their trade and economic relations. It stands to reason that this form of cooperation is being practised by the USSR primarily with those developing countries possessing sufficient economic potentials and long-standing experience of bilateral cooperation.

It is only natural, therefore, that the friendly Republic of India is the pioneer of joint actions with the USSR on the markets of third countries. In the Long-Term Trade Agreement signed between the USSR and the Republic of India on December 26, 1970, Article 12 reads: "Both Governments will assist the development of cooperation between industrial and commercial enterprises in the two countries for the purpose of pooling together their resources and know-how with a view to meeting their desire of jointly cultivating markets in third countries and their needs arising from the programmes of industrial development in third countries." Their mutual desire to develop cooperation on the markets of third, above all, the developing countries, is

also fixed in the subsequent interstate documents regulating Soviet-Indian trade and economic cooperation.

Thus it is clear from these documents that cooperation between the USSR and India on the markets of third countries is promising in two respects. First, it can be mutually beneficial when jointly undertaking projects in third developing countries within the framework of economic and technical assistance, especially when erecting projects on general contract terms. In this case each party can play both the role of general contractor or that of sub-contractor, responsible for the performance of the agreed volumes of work in the undertaken projects.

Second, cooperation on the markets of developing countries is possible in the partners ordinary commercial transactions, especially when their goods-selling systems on the third countries' markets have different densities and efficiencies.

The initial experience of Soviet-Indian cooperation on the developing countries markets shows that there are good prospects on building large industrial projects. For instance, while the Soviet Union was rendering assistance in building iron-and-steel and non-ferrous metal works in Algeria, Iran, Turkey and Nigeria, Indian firms and organizations acted in the capacity of sub-contractors for Soviet general contractors, constructing some civilian projects, roads, and supplying metal structures and some Indian-made equipment. According to the Indian side, India's cooperation with the USSR on the markets of third countries increases the loading of her industrial enterprises and strengthens her world market position.<sup>2</sup>

Brazil also shows interest in cooperation with the USSR on the markets of third countries. Several Brazilian companies are studying the possibilities of such cooperation on the Latin American and African countries' markets. One of the possible projects of the USSR's cooperation with Brazil and Peru is the construction of a tunnel-canal to switch water to the desert and arid areas of the Peruvian west coast for irrigating farm lands and operating the hydroelectric power station there.<sup>3</sup>

In recent years many developing nations and some international economic organizations have been devoting much

attention to such a form of cooperation as the *setting up of joint companies in the developing countries* with the participation of organizations in the socialist states. It is believed that the activity of these joint companies as a new form of economic exchange practised by the developing countries is suitable for their specific socio-economic conditions, enables them organize after-sale services for equipment purchased in socialist countries, and helps them closely knit the organizational network serving mutual external economic transactions. In some developing countries joint companies with foreign participation are believed to be almost the only feasible form of foreign economic cooperation.

Some considerations of an ideological and social character, however, seriously limit the socialist countries' participation in joint companies on the territory of developing nations. Soviet foreign trade organizations do not participate in joint companies in the developing countries where the sphere of operation is in material production.

At the same time, since in the sphere of international exchange and services no surplus value is created, and the profit of joint companies has as its only source the benefits and advantages arising out of the participation of cooperating countries in the international division of labour that in no way whatever entails the exploitation of one country by the other, it is possible for socialist countries to participate in joint companies on the territory of newly-free states in the sphere of exchange and services. Soviet foreign trade organizations are partners in several joint companies providing transport facilities and financial services for the foreign trade transactions of the USSR and its partners in the developing countries that also accept and service Soviet export products in some developing states, although the number of such joint companies is very small.

The efficient employment of many of the already approved forms of trade and economic exchange coupled with the increasing production in the USSR of articles for export to the developing countries creates the requisite conditions for a stable mutually advantageous division of labour between the USSR and the developing countries and for realizing the benefits and advantages arising out of it.

Efforts relating to the organization and deepening of a stable mutually advantageous international division of labour between the USSR and developing countries are to achieve a further increase of goods circulation in their mutual trade and economic relations, and the Soviet Union is taking all the necessary measures in this direction. At the same time the USSR's enormous possibilities in the area of "invisible trade" with the developing countries, above all in the sphere of services are perhaps far from being fully used. The USSR has a huge scientific and technical potential. Meanwhile, the developing nations are in dire need of specialists in many key areas of production, science and technology. Quite a few Soviet specialists are already working in the developing countries. However, their task there is, as a rule, concerned with fulfilment of the Soviet obligations to give these countries economic, scientific and technical assistance. Elaboration of new forms of cooperation, which call for Soviet specialists to be sent to the developing countries to render them paid services over and above the Soviet Union's existing obligations as concerns economic, scientific and technical assistance to them, seems to be timely, acceptable and mutually advantageous to the USSR and the developing countries.

It is easy to see that the new forms of trade and economic cooperation between the Soviet Union and developing countries enhance the interaction of foreign trade, economic assistance and scientific and technical contacts, including credit, financial and transport operations between the partners to assure a stable mutually beneficial division of labour between the USSR and developing nations.

The USSR's participation in construction of projects in the developing countries is logically turning into cooperation on general contract terms and on a compensation basis. This increases the volume of mutual trade by way of shipments to the USSR of articles from the projects of cooperation and the additional export of Soviet machines, equipment and materials to the developing states. The positive experience of bilateral cooperation is conducive to the change over to trilateral cooperation on the developing countries markets, and leads to an additional increase in the economic exchange of the partners. The above-said forms of cooperation are substantially enriched by the growing

scientific and technical exchange, are better secured financially, as well as in terms of transport facilities. Cooperated planning enables the parties to confidently envisage the volume, structure and growth rates of their external economic ties and timely carry out the necessary economic measures assisting their mutual economic exchanges. Intergovernmental joint commissions are quite efficient in management of these complex external economic contacts.

The existing system of traditional and new forms of economic exchange between the USSR and developing countries have utterly debunked all bourgeois theories according to which trade and economic relations between states with different social systems are supposedly hindered by the so-called specificity of the organizational and legal principles of the USSR's external economic relations. In actual fact, the state monopoly of foreign trade and other forms of external economic ties, which is in force in the USSR, flexibly and efficiently respond to the requirements of international economic exchange and actively help the working out, approbation and application of new forms of this exchange in practice.

The international division of labour between the USSR and the developing countries has a law-governed concrete historical form making it logical for Soviet foreign trade organizations to continue increasing the economic exchange with developing countries and broaden the channels of economic intercourse with them in the interests of peace and mutual cooperation.

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<sup>1</sup>For more detail see *Built with Soviet Economic and Technical Assistance*, Mezhdunarodniye Otnosheniya Publishers, Moscow, 1982, p. 251 (in Russian).

<sup>2</sup>*Indo-Soviet Cooperation and Indian Economic Development*, Ed. by R.K. Sharma, New Delhi, 1982, p. 105.

<sup>3</sup>UNCTAD. *Trade Relations Among Countries Having Different Economic and Social Systems*. Report by the UNCTAD Secretariat. TD/B/912, July 23, 1982, Geneva, p. 30.

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